



U.S. Department of Justice

United States Attorney
Southern District of New York

The Silvio J. Mollo Building
One Saint Andrew's Plaza
New York, New York 10007

September 29, 2021

VIA ECF AND EMAIL

Honorable Lorna B. Schofield
United States District Judge
Southern District of New York
40 Foley Square
New York, New York 10007

Re: *United States v. Sohrab Sharma et al.*, 18 Cr. 340 (LGS)

Dear Judge Schofield:

Pursuant to this Court's Order of September 27, 2021 (Dkt. 528) in this case, the Government and seven victims of the defendants' fraud on Centra Tech, Inc. investors (the "Claimants") who have filed an amended third-party petition pursuant to 21 U.S.C. § 853(n) in this case (the "Amended Petition") respectfully submit this letter to update the Court on the status of efforts to settle the Amended Petition without further litigation. The parties apologize for failing to update the Court by September 24, 2021, as previously ordered.

As noted in prior correspondence, the Government and the Claimants have been engaged in settlement discussions in an effort to reduce unnecessary delays in the planned remission process that would facilitate compensation to the many victims of the defendants' fraud. As described in the parties' prior status updates to the Court, the Government has proposed to the Claimants the terms of a settlement that the Government is prepared to recommend to the Department of Justice's Money Laundering and Asset Recover Section ("MLARS"), whose approval is required for any potential settlement. Also as described in prior updates to the Court, the Claimants have been considering the Government's proposal. The current issues regarding the proposed settlement that the parties are discussing are as follows: (1) the impact of the lack of unanimity among Claimants as to the Government's current proposed settlement; and (2) the impact of defendant Sohrab Sharma's appeal of his conviction and sentence on the timing of any recovery by Claimants who wish to settle on the terms proposed by the Government. The Government is consulting internally regarding these issues.

In order to afford the parties additional time for productive settlement discussions regarding the Government's current proposal to the Claimants, which could obviate the need for further motions practice, the parties respectfully request that the Court adjourn the current briefing deadlines in this ancillary proceeding by approximately four weeks.¹ The parties agree and

¹ The appeal filed by defendant Sharma indicating challenging both his conviction and sentence will delay the initiation of the planned remission program to compensate victims of the defendants' fraud. On June 30, 2021, defendant Sharma filed his opening brief in connection with this appeal. Because the forfeiture of all of the Seized Ether Units and all of the proceeds from their liquidation is predicated on Sharma's criminal fraud conspiracy convictions, MLARS cannot initiate a

remission program as to any of those proceeds (including the \$27.2 million in forfeiture proceeds that are indisputably not demanded by any claims in the Amended Petition) and the Government cannot use any of those proceeds to settle the Claimants' Amended Petition unless and until Sharma's appeal as to his conviction is resolved. Accordingly, the extended deadlines for motions practice requested in this letter as to this ancillary litigation will not delay the use of the Ether sale proceeds to compensate the Claimants or other victims or otherwise cause undue prejudice to them.